

**QUARTERLY UPDATE
TO THE LEGISLATURE
MEDI-CAL MANAGED CARE PROGRAM**

October through December 2007

**Department of Health Care Services
Health Care Operations
Medi-Cal Managed Care Division**

**MEDI-CAL MANAGED CARE
QUARTERLY UPDATE TO THE LEGISLATURE**

TABLE OF CONTENTS

I.	Purpose of the Update	3
II.	Key Milestones and Objectives.....	3
III.	State Plan Amendments.....	7
IV.	Federal Waivers	7
V.	Key Activities on Medi-Cal Managed Care Expansion.....	8
VI.	Timeline for Managed Care Expansion	10

I. Purpose of the Update

The Budget Act of 2005 authorized expansion of the Medi-Cal managed care program into 13 new counties: El Dorado, Imperial, Kings, Lake, Madera, Marin, Merced, Mendocino, Placer, San Benito, San Luis Obispo, Sonoma and Ventura.

In addition, the Department of Health Care Services (DHCS) Medi-Cal Managed Care Division (MMCD) proposed to convert Fresno County from a Two-Plan model to a Geographic Managed Care (GMC) model. Beginning January 1, 2006, the DHCS was required to provide quarterly updates to the policy and fiscal committees of the Legislature on the core activities to improve the Medi-Cal managed care program and to expand into the 13 new counties.

The updates shall include:

- Progress or key milestones and objectives to implement changes to the existing program;
- Submittal of state plan amendments (SPAs) to the federal Centers for Medicare and Medicaid Services (CMS);
- Submittal of any federal waiver documents; and
- Applicable key functions related to the Medi-Cal managed care expansion effort.

II. Key Milestones and Objectives

Collaboration with California HealthCare Foundation (CHCF)

The DHCS partnered with the CHCF to develop enhanced performance standards for Medi-Cal managed care plans for services for persons with disabilities and chronic illnesses. The DHCS received the CHCF recommendations in a report titled, "Performance Standards for Medi-Cal Managed Care Organizations Serving People with Disabilities and Chronic Conditions" on November 21, 2005. The DHCS requested comments and input from its contracting health plans regarding these recommendations.

The DHCS completed an initial analysis of the 53 recommendations to determine the applicability of the recommendations to the target population and to assess the feasibility of each recommendation. The draft report, including its recommendations, was released on May 7, 2007. The DHCS placed the report on the MMCD website on June 11, 2007, and encouraged public comment. The Department has reviewed the public responses and considered them in a final document, which will be ready for release in the near future.

The Medi-Cal Managed Care Division is taking a proactive approach towards the development of a care coordination program and existing staff continues to work on developing care coordination resources within the division. The Department is working with the Center for Health Care Strategies (CHCS) in reviewing managed care plans' existing care coordination systems and programs. In addition, Department staff is initiating development of a screening tool to be utilized in the identification of seniors and persons with disabilities (SPDs) appropriate for care coordination in a health plan. Several plans are already using an enhanced facility site review tool to evaluate access for people with disabilities, and while the Department is considering standardizing the tool, it will seek input from managed care plans prior to adoption.

General Program Activities

The DHCS is currently undertaking or has completed the actions listed below to enhance and improve the Medi-Cal managed care program.

1. The staff from the MMCD is working with the Department of Developmental Services (DDS), Bay Area regional centers, Agnews Developmental Center (Agnews), Alameda Alliance for Health (AAH), Santa Clara Family Health Plan (SCFHP) and Health Plan of San Mateo (HPSM) to address transition planning for approximately 220 patients at Agnews who will require specialized health care when they move into community homes over the course of the current fiscal year. Agnews is scheduled to close at the end of June 2008. Medi-Cal managed care is a preferred option for these patients because of their extremely complex and medically fragile health conditions and their need for intense coordination of services among many agencies and providers to support them in the community. Some of the outcomes and future activities from this collaborative process include:
 - The DHCS developed a mechanism to pay an interim reimbursement amount to the contracting health plans, which it will reconcile with the plans on a periodic basis to reimburse the plans for actual, reasonable costs incurred to provide necessary care to these clients.
 - Department staff, in conjunction with its Agnews partners, developed a Memorandum of Understanding (MOU) between the health plans and the regional centers, a scope of services matrix, and a medical service strategy. All three MOUs have been signed by the health plans and the regional centers.
 - DHCS and DDS staff developed a MOU between the two departments to document the responsibilities of both entities during and after the transition of Agnews patients into the community homes.

- Department staff developed language for contract amendments. The amendments are fully executed for Alameda Alliance for Health and Santa Clara Family Health Plan and in process for Health Plan of San Mateo.
 - Department staff developed an expedited enrollment process for those Agnews residents who elect to enroll in managed care. Staff also provided training on the Medi-Cal health plan enrollment process for regional center staff that will be assisting patients and/or their families with enrollment into the health plans.
 - Program staff is working with DDS to coordinate meetings with the Department of Mental Health, health plans and regional centers to clarify behavioral and mental health responsibilities and ensure access to such services.
 - The Medi-Cal Eligibility Division is coordinating with the county eligibility offices and the Social Security Administration to help expedite the processing of inter-county transfers and Medi-Cal eligibility determinations that must occur upon moving into the community homes and before health plan enrollment.
2. The DHCS's default algorithm rewards Two-Plan Model and Geographic Managed Care health plans with a higher percentage of default enrollments based on superior performance on specific performance measures. In addition to the five Health Employer Data and Information Set (HEDIS) performance measures, and two traditional and safety net provider performance measures used in Years One and Two, the DHCS added one more HEDIS measure to the algorithm for Year Three. The DHCS retained a ten percent cap that limits the amount of defaulted beneficiaries a plan can gain or lose from the prior year. All decisions were discussed by the default advisory group in May 2007. The Department distributed the new default percentages and final decisions for Year Three by letter on October 10, 2007. The DHCS implemented Year Three of the default algorithm on December 1, 2007.
 3. The Department released the Request for Proposal (RFP) to secure the External Quality Review Organization (EQRO) for the Medi-Cal managed care program on December 19, 2007. The EQRO performs federally required external review of the quality of care provided by contracted health plans and by the Medi-Cal managed care program. The EQRO also provides ongoing technical assistance to both the Department and contracted plans regarding quality and performance measurement activities. Proposals are due to the Office of Medi-Cal Procurement by February 13, 2008, and the Department expects to announce the contract award on April 21, 2008. The new contract will be effective on

July 1, 2008. The current contractor is Delmarva Foundation for Medical Care, Inc., whose contract will expire June 30, 2008.

4. The DHCS is one of six state Medicaid agencies participating in a two-year grant, the Purchasing Institute Technical Assistance (PITA) for Managed Care for Persons with Disabilities, coordinated by the CHCS. The project was designed to help states improve health care delivery to the SSI-eligible populations through focused training and technical assistance. The first effort included the development and testing of a performance measure specific to the SSI population. Ten Prevention Quality Indicators have been tested and found useful to all six state Medicaid programs. The work group is currently discussing HEDIS measures the state Medicaid programs must have to assist them in the evaluation of care to this population. In addition to the performance measurement project, CHCS staff is working with state representatives to write a "Care Management Definition and Framework" that all states agree can be useful in program development. A final workshop to discuss and conclude this work is being planned for March 2008.
5. The DHCS and the University of California, Berkeley (UCB), School of Public Health, Health Research for Action continue their joint work on a comprehensive Medi-Cal managed care guide to better inform SPDs of the advantages of managed care and to increase awareness and voluntary enrollment of SPDs into the Medi-Cal managed care program. The guide is being translated into Spanish and Chinese and will be tested in a phone survey and pilot study beginning in February 2008 in Alameda, Riverside and Sacramento counties. A project brief, describing the project, was widely distributed in January 2007.

The project included the formation of an advisory group to provide input for the content and dissemination of the guide. The advisory group is comprised of representatives of target communities; Medi-Cal consumers, providers who serve SPDs, Medi-Cal managed care organizations, policy-making organizations, and advocacy groups for SPDs.

The advisory group met on January 17, 2008, and UCB presented the results of the evaluation focus groups, evaluation consumer interviews, and follow-up key informant interviews.

UCB has developed pre and post phone survey instruments, which underwent a rigorous translation process to ensure that they are culturally and linguistically appropriate. The phone survey has been revised to include a baseline survey, an intervention group, and a comparison group. Dissemination is scheduled to begin in February 2008.

The DHCS has amended the Interagency Agreement to extend the service period through Fiscal Year 2009/10. The Governor's Budget proposed a reduction to this contract to achieve savings in the California State Budget. If this action is approved by the Legislature, the Department will have to amend the scope of work and contract in the final two years.

III. State Plan Amendments

- The MMCD has begun working on the additions and changes to the Placer Geographic Managed Care expansion State Plan Amendment (SPA), including adding the carved-out zip codes. The implementation date for this county expansion is May 1, 2008; therefore, the SPA must be submitted by June 30, 2008 in order to become effective the first day of the quarter, April 1, 2008.
- On September 21, 2007, the MMCD submitted a SPA to CMS to provide health care services to beneficiaries transitioning from Agnews into Alameda and Santa Clara counties. This SPA was approved by CMS on December 19, 2007.

IV. Federal Waivers

- The MMCD submitted a waiver modification request to CMS for the Health Plan of San Mateo (HPSM) 1915(b) waiver to serve residents transitioning from Agnews into the HPSM. The MMCD has received approval from CMS for this modification request on January 14, 2008.
- The MMCD submitted a waiver modification request to CMS on December 1, 2007, for the existing Santa Barbara Regional Health Authority (SBRHA) County Organized Health System (COHS) waiver in order to implement the expansion of managed care into San Luis Obispo County. The MMCD is currently awaiting CMS approval for this modification request.
- A waiver modification request to the California Children Services (CCS/Dental) waiver allowing CCS eligible children to be enrolled on a mandatory basis in the expanded GMC program, that is to commence in Placer County, was submitted to CMS on December 14, 2007. Also included in this modification request was an intergovernmental transfer (IGT) request for LA Care health plan and the inclusion of Agnews beneficiaries in Santa Clara and Alameda counties. The MMCD is currently awaiting approval for this modification request.

V. Key Activities on Medi-Cal Managed Care Expansion

Information to Health Plans and Expansion Counties

The DHCS continues to provide expansion updates to health plans on at least a quarterly basis through meetings with health plan Chief Executive Officers and Medical Directors. The DHCS provides similar updates at the bi-monthly meetings of the Medi-Cal Managed Care Advisory Group.

Interactions with Expansion Counties

Eleven of the thirteen expansion counties and Fresno County (an existing managed care county that will be affected by the current expansion efforts) have endorsed a managed care model believed to best suit the needs of each county. Of the remaining two counties, El Dorado County's proposed model, a delegated risk contract with the county and a single Health Maintenance Organization, is on hold while the county explores other options. Imperial County notified the DHCS on May 2, 2007, that their County Board of Supervisors (BOS) is opposed to transitioning to managed care at this time. The table on page 10 provides the status of each expansion county. The DHCS has issued a revised timeline for implementation based on these decisions, which is also reflected in the table on page 10. The DHCS has developed prospective capitation rates for Marin, Sonoma, Lake, Mendocino, and San Luis Obispo counties and provided them to the health plans. Prospective rates were provided to CMAC for Placer County.

Recent developments are summarized as follows:

- The implementation of the GMC program in Placer County has been postponed to May 2008, to ensure that all appropriate beneficiary notification and system changes are completed.
- The DHCS holds monthly teleconferences with Fresno, Kings, and Madera County representatives. The three counties continue their work in developing a joint powers agreement (JPA) to form a tri-county regional health system infrastructure and governing authority, and have received funding from a private foundation that will offset administrative and legal costs incurred in establishing the JPA infrastructure.
- Merced and Ventura county officials continue to seek federal legislation to implement new COHS plans. Representative Lois Capps (CA-23) introduced H.R. 665 to amend the Consolidated Omnibus Budget Reconciliation Act of 1985 and permit Merced and Ventura counties to create and operate health insuring organizations, also known as COHS, and to increase the percent of all Medi-Cal beneficiaries that may be enrolled in such systems from 14 percent to 16 percent. The language for this was included in the compromise version of the SCHIP Bill, which was vetoed by President Bush. If the federal

government does not pass legislation to permit new COHS plans in California, the State will have to work with Merced and Ventura counties on alternative plans.

Expansion County Stakeholder Meetings

The DHCS staff continues to meet with and provide technical assistance to counties and stakeholders in discussions related to expansion of managed care. In counties where final decisions and Board of Supervisors resolutions are received, the DHCS continues to be available to facilitate discussions between county officials, stakeholders, and health plans.

**Medi-Cal Managed Care Division (MMCD)
Update of Expansion Implementation Dates
and Managed Care Models**

County	Original Implementation Date	Revised Implementation Date	Managed Care Model
El Dorado	3/01/07	Pending further discussion with MMCD	Pending further discussion with MMCD
Imperial	3/01/07	Pending further discussion with MMCD	Pending further discussion with MMCD
Placer	3/01/07	05/01/08	GMC
Fresno	10/1/07	7/1/09 but pending Tri-County agreements	Conversion to Tri-County Regional Two-Plan (with Kings and Madera)
Kings	10/1/07	7/1/09, but pending Tri-County agreements	Tri-County Regional Two-Plan (with Fresno and Madera)
Madera	10/1/07	7/1/09, but pending Tri-County agreements	Tri-County Regional Two-Plan (with Fresno and Kings)
Merced	10/1/07	Pending COHS authority	New COHS
Lake	4/01/08	Pending	COHS Join Partnership HealthPlan
Marin	4/01/08	Pending	COHS Join Partnership HealthPlan
Mendocino	4/01/08	Pending	COHS Join Partnership HealthPlan
San Benito	4/01/08	Pending further discussion with MMCD	COHS Join Central Coast Alliance for Health
San Luis Obispo	4/01/08	3/01/08	COHS Join Santa Barbara Regional Health Authority
Sonoma	4/01/08	Pending	COHS Join Partnership HealthPlan
Ventura	4/01/08	Pending COHS authority	New COHS

GMC = Geographic Managed Care

COHS = County Organized Health System